

2012 SDC-CIC Annual Training Conference

How To Use Census Bureau Economic Data in a Business Plan

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Presentation Outline

- Using Economic Programs Data To Better Understand
 - The target market
 - The competition and the industry
 - Complementary businesses
 - Business suppliers



Sample Scenario:

An entrepreneur is interested in opening a hair salon in the DC metro area. She has contacted us to find out what information the Census Bureau provides that may help her understand this industry, gather some data for her business plan and loan application, and identify a good place to locate the business.

How will we help her?

Is it Only About My Customers?

- **No!** While Census does publish information about our population, this only tells part of the story...

Population Statistics for Washington DC Metro Area Counties: 2010

County	Total population			18 years and over		
	Total	Male	Female	Total	Male	Female
Fairfax County, Virginia	1,086,743	536,795	549,948	823,435	401,723	421,712
Montgomery County, Maryland	976,203	468,914	507,289	742,329	349,583	392,746
Prince George's County, Maryland	865,271	415,298	449,973	659,822	310,246	349,576
District of Columbia	604,453	285,729	318,724	503,186	234,233	268,953
Prince William County, Virginia	406,110	202,355	203,755	288,876	142,336	146,540
Loudoun County, Virginia	315,134	155,514	159,620	218,751	106,631	112,120
Frederick County, Maryland	234,122	114,922	119,200	174,909	84,651	90,258
Arlington County, Virginia	209,457	104,870	104,587	176,611	87,826	88,785
Charles County, Maryland	147,086	70,853	76,233	108,259	50,774	57,485
Alexandria city, Virginia	140,912	69,045	71,867	116,790	56,163	60,627
Stafford County, Virginia	129,745	65,291	64,454	92,388	46,143	46,245

Getting Started

- What NAICS code covers this industry?
- What programs do we have that provide data for this industry that she might be able to use?

Use the *Industry Statistics Sampler*, which can be accessed off the *Business and Industry* page

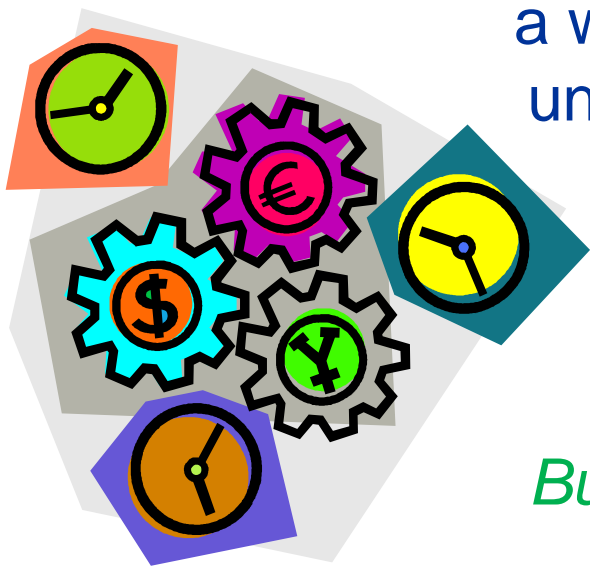
What Data Do We Have?

- Hair Salons are classified in NAICS code **812112**
- Data on hair salons are available in
 - *County Business Patterns*
 - *Nonemployer Statistics*
 - *Services Annual Survey*
 - *Statistics of US Business*
 - *Economic Census*
 - *Survey of Business Owners.*



Tell Me About My Industry and the Competition in the DC Metro Area...

The economic programs at Census provide a wealth of data that she can use to better understand this industry, her competition, and her potential market.



Let's start with data from the *County Business Patterns* (CBP) program, which are available in *American FactFinder*

Selected Statistics for Beauty Salons (NAICS 812112) in Washington DC Metro Area Counties: 2010

County	Number of establishments	Total employment (number)	First quarter payroll (\$1,000)	Total annual payroll (\$1,000)	Employees per establishment (number)	Payroll per employee (\$)	Total Population	Total population per establishment
Fairfax County, Virginia	356	2,989	\$18,695	\$84,017	8	\$28,109	1,086,743	3,053
Montgomery County, Maryland	302	2,600	\$15,565	\$69,858	9	\$26,868	976,203	3,232
District of Columbia	171	1,579	\$12,157	\$55,185	9	\$34,949	604,453	3,535
Prince George's County, Maryland	133	727	\$2,839	\$13,208	5	\$18,168	865,271	6,506
Prince William County, Virginia	94	782	\$3,872	\$17,190	8	\$21,982	406,110	4,320
Loudoun County, Virginia	86	688	\$4,162	\$18,153	8	\$26,385	315,134	3,664
Arlington County, Virginia	71	603	\$3,485	\$15,925	8	\$26,410	209,457	2,950
Frederick County, Maryland	62	528	\$2,372	\$10,985	9	\$20,805	234,122	3,776
Alexandria city, Virginia	51	483	\$3,197	\$13,652	9	\$28,265	140,912	2,763
Stafford County, Virginia	37	259	\$1,180	\$5,002	7	\$19,313	129,745	3,507
Fairfax city, Virginia	34	235	\$1,372	\$6,220	7	\$26,468	22,058	649
Charles County, Maryland	33	314	\$1,130	\$4,798	10	\$15,280	147,086	4,457
Fredericksburg city, Virginia	31	c	\$1,070	\$4,592	NA	NA	23,375	754
Spotsylvania County, Virginia	31	203	\$835	\$3,817	7	\$18,803	122,853	3,963
Calvert County, Maryland	27	254	\$1,060	\$4,791	9	\$18,862	88,936	3,294
Manassas city, Virginia	25	90	\$382	\$1,840	4	\$20,444	36,067	1,443
Fauquier County, Virginia	22	162	\$787	\$3,580	7	\$22,099	62,971	2,862
Falls Church city, Virginia	15	b	\$504	\$1,974	NA	NA	11,465	764
Jefferson County, West Virginia	14	81	\$364	\$1,537	6	\$18,975	52,033	3,717
Warren County, Virginia	11	68	\$218	\$917	6	\$13,485	37,044	3,368
Manassas Park city, Virginia	3	a	D	D	NA	NA	13,195	4,398
Clarke County, Virginia	3	5	\$24	\$96	2	\$19,200	14,013	4,671

I've Heard about Nonemployers...

What are They?

Nonemployers are businesses with no paid employees.

- Primarily independent contractors
- File IRS Form 1040 Schedule C (not 941)
- Significant in number
- Significant in revenue in some industries



Nonemployer Statistics for Beauty Salons (NAICS 812112) in Washington DC Metro Area Counties: 2010

County	Number of nonemployer establishments	Total nonemployer receipts (\$1,000)	Receipts per establishment (\$)
Prince George's County, Maryland	2,277	\$48,403	\$21,257
District of Columbia	1,443	\$21,795	\$15,104
Montgomery County, Maryland	1,177	\$26,997	\$22,937
Fairfax County, Virginia	787	\$22,468	\$28,549
Prince William County, Virginia	363	\$8,725	\$24,036
Charles County, Maryland	231	\$5,864	\$25,385
Loudoun County, Virginia	222	\$7,508	\$33,820
Frederick County, Maryland	150	\$3,632	\$24,213
Arlington County, Virginia	117	\$3,874	\$33,111
Alexandria city, Virginia	100	\$2,666	\$26,660
Spotsylvania County, Virginia	98	\$2,788	\$28,449
Stafford County, Virginia	93	\$2,410	\$25,914
Calvert County, Maryland	84	\$1,730	\$20,595
Warren County, Virginia	48	\$981	\$20,438
Fauquier County, Virginia	44	\$1,441	\$32,750
Jefferson County, West Virginia	44	\$1,108	\$25,182
Fairfax city, Virginia	27	\$1,253	\$46,407
Manassas city, Virginia	27	\$580	\$21,481
Fredericksburg city, Virginia	16	\$275	\$17,188
Clarke County, Virginia	13	\$317	\$24,385
Falls Church city, Virginia	D	D	NA
Manassas Park city, Virginia	D	D	NA

What about Sales Data?



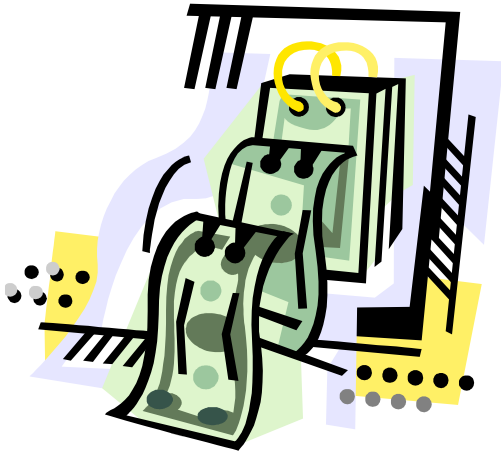
While *County Business Patterns Program* publishes detailed data for employer businesses by industry, statistics on sales are only available from *Economic Census*.

- Can be used in a business plan to forecast the expected sales of a business based on similar businesses
- Can also be used to identify a business location

Selected Statistics for Beauty Salons (NAICS 812112) in Washington DC Metro Area Counties: 2007

County	Number of employer establishments	Total employer receipts (\$1,000)	Total employer annual payroll (\$1,000)	Total employment (number)	Receipts per establishment (\$)	Receipts per employee (\$)	Employees per establishment (number)	Payroll per employee (\$)
Fairfax County, Virginia	349	\$168,516	\$87,419	3,207	\$482,854	\$52,546	9	\$27,259
Montgomery County, Maryland	324	\$145,239	\$71,452	2,930	\$448,269	\$49,570	9	\$24,386
District of Columbia	197	\$104,230	\$53,736	1,678	\$529,086	\$62,116	9	\$32,024
Prince William County, Virginia	99	\$34,000	\$16,349	751	\$343,434	\$45,273	8	\$21,770
Loudoun County, Virginia	85	\$29,092	\$14,660	632	\$342,259	\$46,032	7	\$23,196
Alexandria city, Virginia	63	\$27,595	\$14,188	495	\$438,016	\$55,747	8	\$28,663
Arlington County, Virginia	72	\$26,412	\$11,854	559	\$366,833	\$47,249	8	\$21,206
Prince George's County, Maryland	137	\$24,834	\$11,260	746	\$181,270	\$33,290	5	\$15,094
Frederick County, Maryland	60	\$19,616	\$10,344	515	\$326,933	\$38,089	9	\$20,085
Fairfax city, Virginia	36	\$13,136	\$5,786	250	\$364,889	\$52,544	7	\$23,144
Charles County, Maryland	34	\$10,796	\$5,395	347	\$317,529	\$31,112	10	\$15,548
Stafford County, Virginia	32	\$10,324	\$4,954	236	\$322,625	\$43,746	7	\$20,992
Spotsylvania County, Virginia	28	\$6,294	\$3,041	159	\$224,786	\$39,585	6	\$19,126
Falls Church city, Virginia	22	\$5,624	\$2,484	110	\$255,636	\$51,127	5	\$22,582
Manassas city, Virginia	27	\$5,213	\$2,461	155	\$193,074	\$33,632	6	\$15,877
Fredericksburg city, Virginia	35	D	D	e	NA	NA	NA	NA
Calvert County, Maryland	28	D	D	e	NA	NA	NA	NA
Fauquier County, Virginia	19	D	D	c	NA	NA	NA	NA
Jefferson County, West Virginia	13	D	D	b	NA	NA	NA	NA
Warren County, Virginia	11	D	D	b	NA	NA	NA	NA

How Is This Industry Doing?

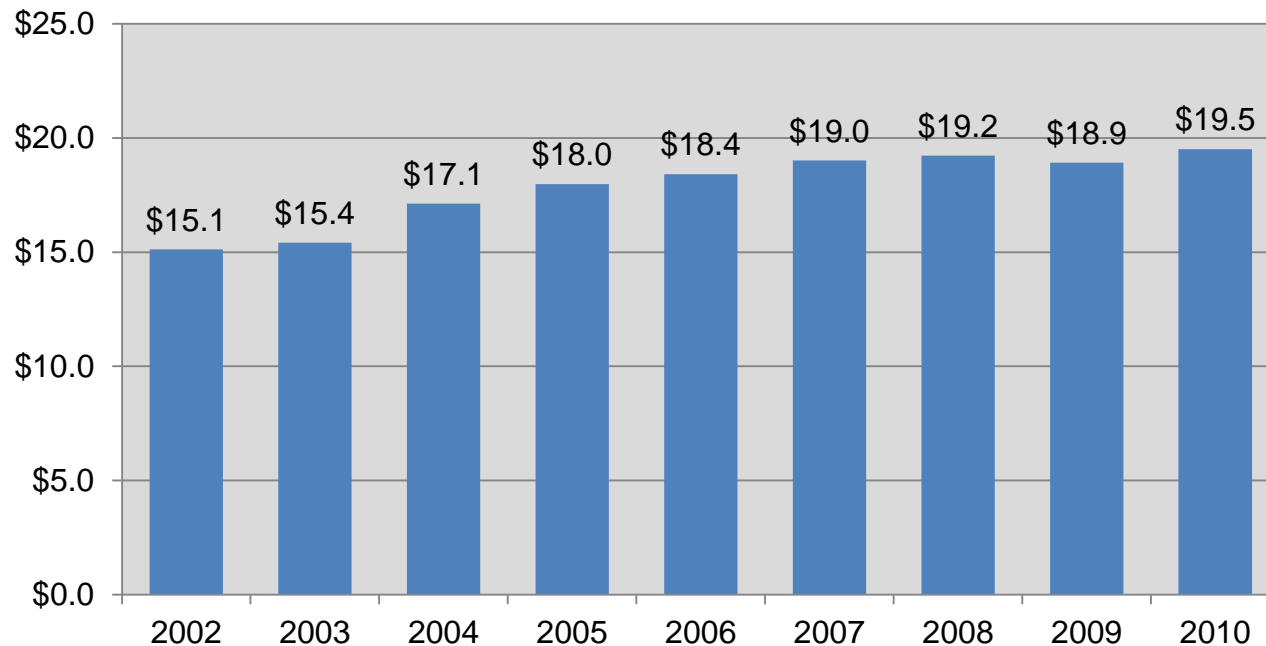


The data gathered every 5 years from the *Economic Census* and the annual data from *County Business Patterns* and other program can be used in a business plan -

- To measure how an industry or community has performed historically, and
- To forecast the expected sales of a business in the future



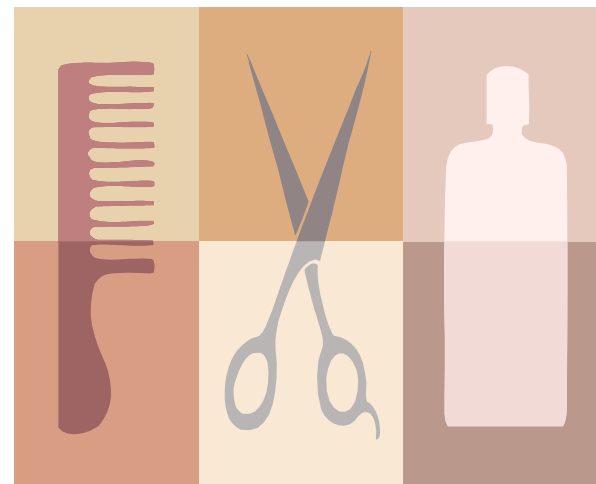
Beauty Salon Revenue: 2002 - 2010 (\$ Billions) (Source: Services Annual Survey)



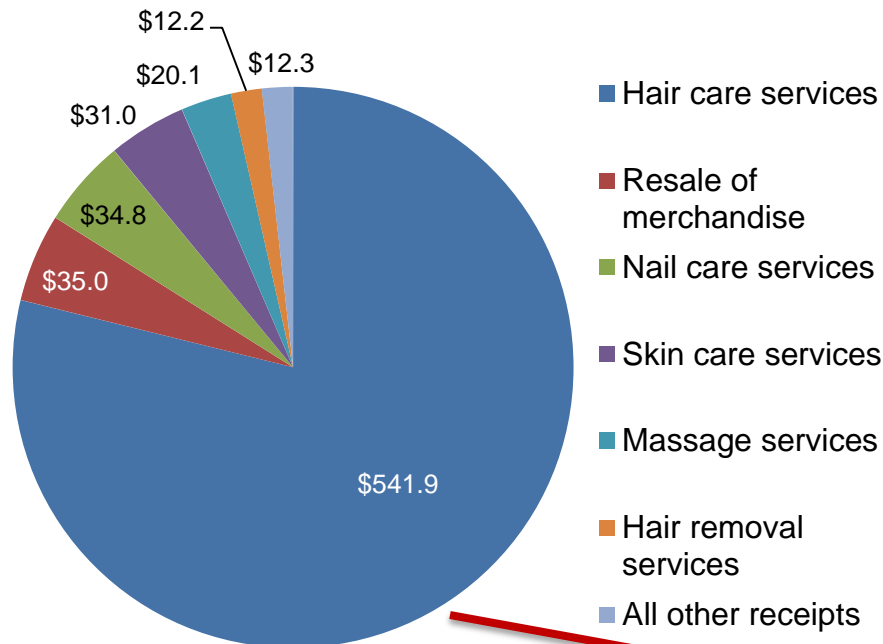
What types of products and services should I offer in my salon?

Data on products and services sold by businesses are available in the *Product Lines* data from *Economic Census*.

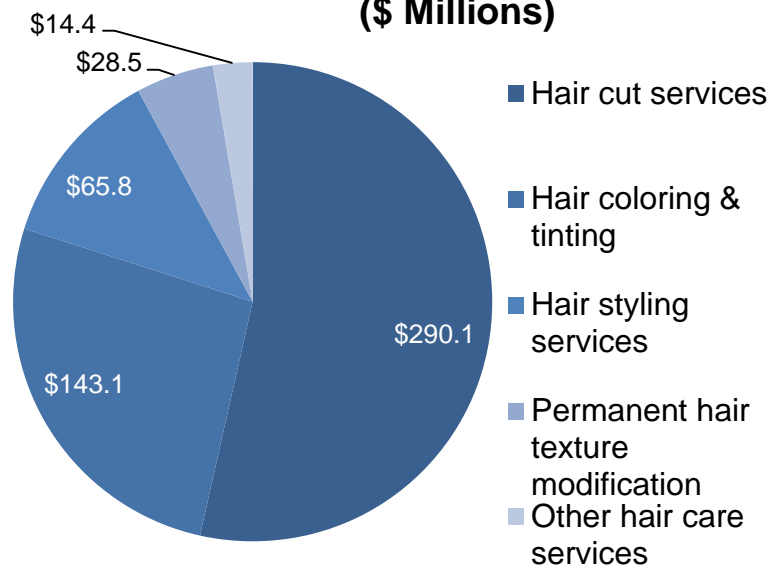
- Can be used in a business plan to identify the primary and secondary sources of sales of the business



Total Beauty Salon Receipts in Virginia by Broad Product Lines: 2007 (\$ Millions)



Total Beauty Salon Receipts in Virginia by Detailed Hair Care Services Product Lines: 2007 (\$ Millions)



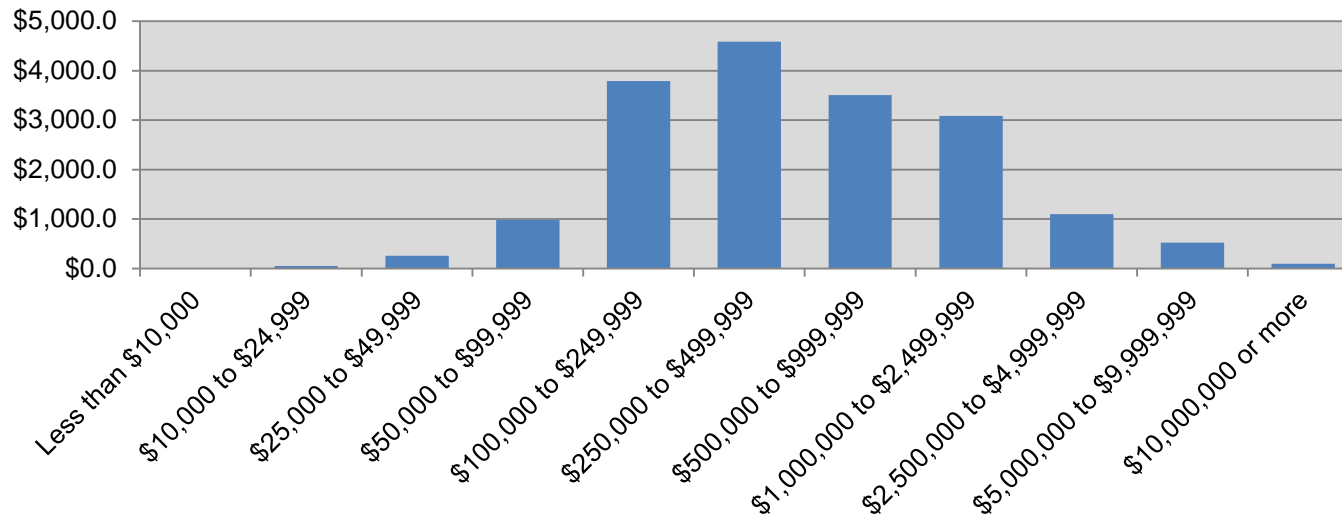
How Big Should My Business Be?



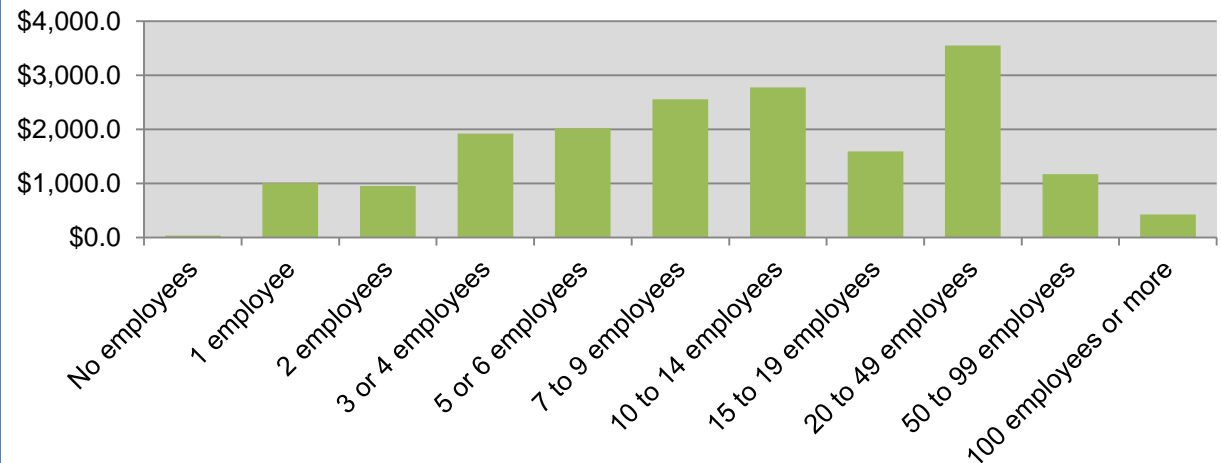
The *Economic Census* includes data broken out by the sales and employment size of the business

- Can be used in a business plan to understand the size of a “typical” business in an industry
- Can also be used to forecast the future growth of a business to its most efficient size

**Total Beauty Salon Receipts by Receipt Size of the Business:
2007 (\$ Millions)**



**Total Beauty Salon Receipts by Employment Size of
the Business: 2007 (\$ Millions)**



What about Franchising?

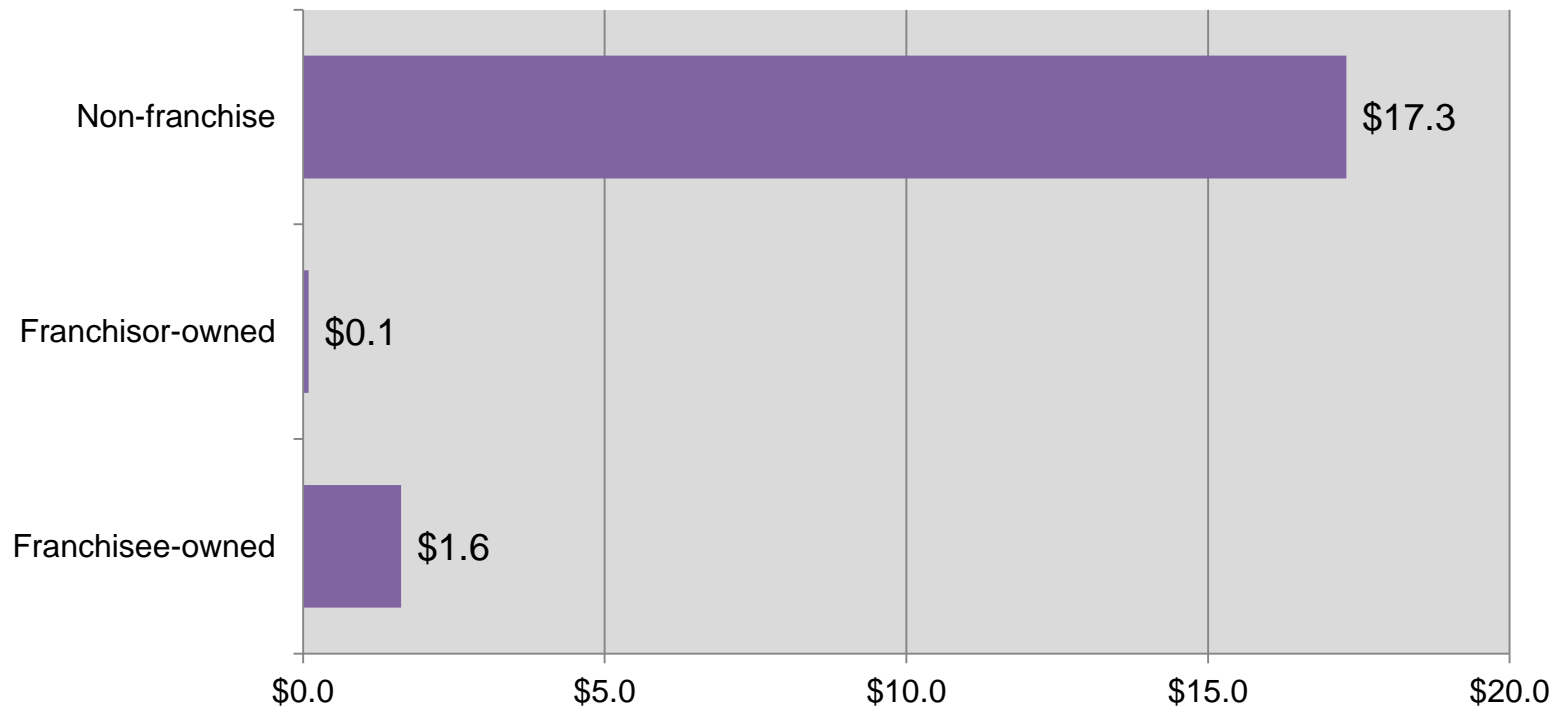
The *Economic Census* also publishes data broken out by franchise status for selected industries engaged in franchising.

- Can be used to understand to importance of franchise (vs non-franchise) businesses in the industry
- Can be used in a business plan to justify the cost of franchise fees





Total Beauty Salon Receipts by Franchise Status: 2007 (\$ Millions)



What About Complementary Businesses?

Determining a good location for a business is often not only based on where the customers are but also where other businesses that complement a business are located.

Data for these complementary businesses are also available from the *Economic Census* and can be used in a business plan.

Selected Statistics for Nail Salons (NAICS 812113) in Washington DC Metro Area Counties: 2010

County	Number of establishments	Total employment (number)	First quarter payroll (\$1,000)	Total annual payroll (\$1,000)
Fairfax County, Virginia	66	296	\$1,401	\$6,896
Prince George's County, Maryland	58	297	\$1,078	\$5,668
Montgomery County, Maryland	52	372	\$1,437	\$7,484
District of Columbia	24	100	\$397	\$1,979
Prince William County, Virginia	24	93	\$367	\$1,663
Loudoun County, Virginia	13	38	\$177	\$844
Frederick County, Maryland	12	55	\$141	\$658
Charles County, Maryland	11	b	\$125	\$577
Arlington County, Virginia	11	95	\$423	\$2,216
Spotsylvania County, Virginia	9	b	\$99	\$538
Alexandria city, Virginia	7	47	\$189	\$835
Falls Church city, Virginia	7	b	S	\$404
Stafford County, Virginia	6	a	D	D
Fairfax city, Virginia	5	25	\$81	\$415
Calvert County, Maryland	4	10	\$25	\$174
Fredericksburg city, Virginia	2	a	D	D
Manassas city, Virginia	2	a	D	D
Jefferson County, West Virginia	2	a	D	D

Nonemployer Statistics for Nail Salons (NAICS 812113) in Washington DC Metro Area Counties: 2010

County	Number of nonemployer establishments	Total nonemployer receipts (\$1,000)	Receipts per establishment (\$)
Fairfax County, Virginia	1,873	\$50,804	\$27,124
Montgomery County, Maryland	1,156	\$33,389	\$28,883
Prince George's County, Maryland	638	\$19,539	\$30,625
Loudoun County, Virginia	351	\$13,973	\$39,809
Prince William County, Virginia	340	\$10,252	\$30,153
District of Columbia	155	\$2,665	\$17,194
Charles County, Maryland	99	\$3,480	\$35,152
Frederick County, Maryland	93	\$3,654	\$39,290
Arlington County, Virginia	73	\$2,790	\$38,219
Stafford County, Virginia	71	\$2,677	\$37,704
Spotsylvania County, Virginia	69	\$3,467	\$50,246
Fairfax city, Virginia	49	\$1,080	\$22,041
Fauquier County, Virginia	39	\$2,221	\$56,949
Manassas city, Virginia	37	\$1,659	\$44,838
Alexandria city, Virginia	30	\$1,357	\$45,233
Fredericksburg city, Virginia	22	\$953	\$43,318
Calvert County, Maryland	20	\$1,422	\$71,100
Warren County, Virginia	18	\$715	\$39,722
Manassas Park city, Virginia	15	\$658	\$43,867
Jefferson County, West Virginia	5	\$61	\$12,200
Clarke County, Virginia	4	\$62	\$15,500
Falls Church city, Virginia	D	D	NA

How About My Suppliers and a Source of Employees?



Determining a good location for a business can also be based on where suppliers are located.

A source of employees for the business can also impact this decision.

Data for these supplier businesses and employment resources are also available from the *Economic Census* and can be used in a business plan.

Selected Statistics for Service Establishment Merchant Wholesalers (NAICS 423850) in Washington DC Metro Area Counties: 2010

County	Number of establish- ments	Total employment (number)	First quarter payroll (\$1,000)	Total annual payroll (\$1,000)
Montgomery County, Maryland	14	73	744	2861
Prince George's County, Maryland	14	357	4175	18703
District of Columbia	7	b	584	2614
Fairfax County, Virginia	7	b	371	1970
Prince William County, Virginia	3	b	D	D
Loudoun County, Virginia	2			
Alexandria city, Virginia	2			
Fairfax city, Virginia	2			
Calvert County, Maryland	1			
Frederick County, Maryland	1			
Arlington County, Virginia	1			
Fauquier County, Virginia	1			
Spotsylvania County, Virginia	1			
Stafford County, Virginia	1			
Falls Church city, Virginia	1			
Manassas Park city, Virginia	1			
Jefferson County, West Virginia	1			

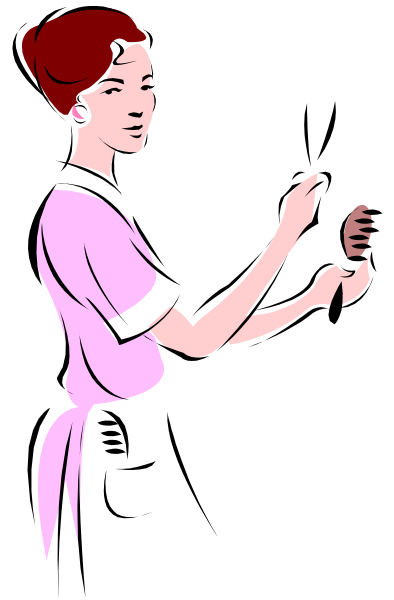
Selected Statistics for Cosmetology and Barber Schools (NAICS 611511) in Washington DC Metro Area Counties: 2010

County	Number of establish- ments	Total employment (number)	First quarter payroll (\$1,000)	Total annual payroll (\$1,000)
Montgomery County, Maryland	7	77	599	2494
Prince George's County, Maryland	5	b	S	1488
Fairfax County, Virginia	5	b	S	569
District of Columbia	4	b	D	D
Frederick County, Maryland	2	b	D	D
Prince William County, Virginia	2	a	D	D
Charles County, Maryland	1	a	D	D
Arlington County, Virginia	1	b	D	D
Warren County, Virginia	1	a	D	D

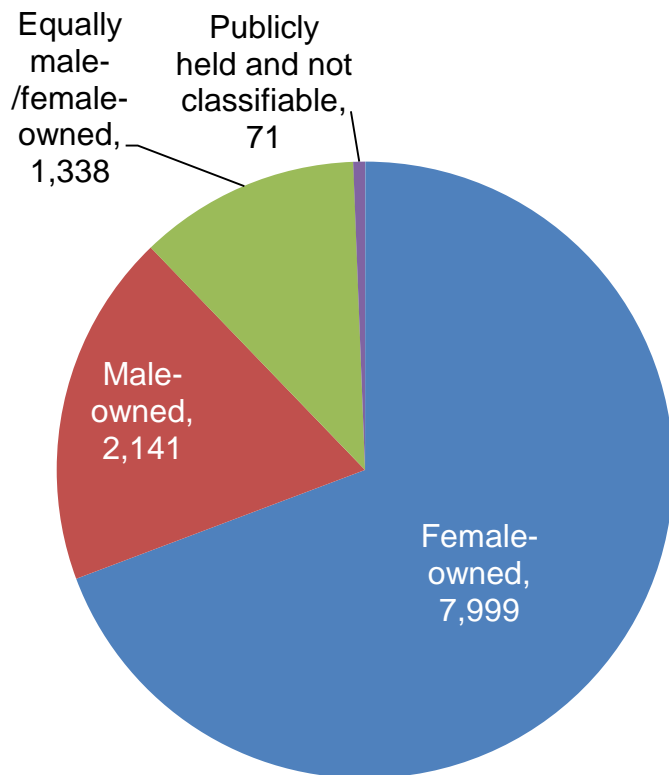
Anything Else?

In addition to the detailed data available from the *Economic Census*, the *Survey of Business Owners* also publishes data broken out by the race, ethnicity, gender, and veteran status of the business owner.

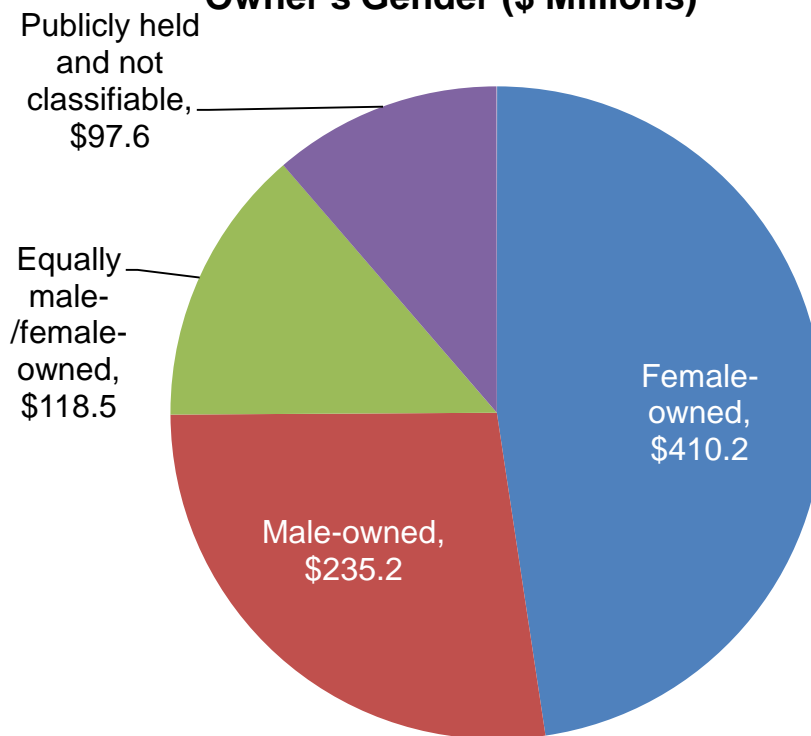
- Can be used to further understand the composition of an industry



Number of Beauty Salons in Virginia by Owner's Gender: 2007



Total Beauty Salon Receipts in Virginia by Owner's Gender (\$ Millions)



In Summary

Economic Programs data from the Census Bureau can be an invaluable source of information in a business plan to measure:

- The target **market** of a business
- The overall health and composition of the **industry** and competing businesses
- The impact of **complementary businesses** on the location of the business
- The roll that business **suppliers** can have on the location of a business

Questions



Contact Information

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Visit business.census.gov